

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Health Agency	(2) MEETING DATE 4/24/2012	(3) CONTACT/PHONE Katie Perez, Deputy Director-General Services (805) 781-5200 Jeff Hamm, Health Agency Director (805) 781-5500	
(4) SUBJECT Request to approve a Lease between the County and Westwind Business Park, LLC, on behalf of the Health Agency, for the Mental Health Services Act (MHSA) team for clinical services for a period of 5 years.			
(5) RECOMMENDED ACTION General Services and the Health Agency recommend your Board approve the lease agreement and instruct the Chairperson to sign the document.			
(6) FUNDING SOURCE(S) Federal and State Medi-Cal/EPSTD; State Mental Health Services Act funding	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT FY 2012-13 \$70,880 FY 2013-14 \$108,080.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation (Time Est. _____) <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	
(15) LOCATION MAP Attached	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date _____	
(18) ADMINISTRATIVE OFFICE REVIEW			
(19) SUPERVISOR DISTRICT(S) District 3 -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Katie Perez, Deputy Director-General Services (805) 781-5200
Jeff Hamm, Health Agency Director
(805) 781-5500

DATE: 4/24/2012

SUBJECT: Request to approve a Lease between the County and Westwind Business Park, LLC, on behalf of the Health Agency, for the Mental Health Services Act (MHSA) team for clinical services for a period of 5 years.

RECOMMENDATION

General Services and the Health Agency recommend your Board approve the lease agreement and instruct the Chairperson to sign the document.

DISCUSSION

Background:

In October 2006, the Board authorized implementation of the Mental Health Services Act Community Services and Supports plan, which started in approximately 2,315 square feet of office space located at 2925 McMillan Avenue in San Luis Obispo. The success of the program required an expansion move within the same McMillan Center office complex, and since November 2007, the Mental Health Services Act (MHSA) team has leased approximately 7,971 square feet of improved office space located on a second floor at 2945 McMillan Avenue in San Luis Obispo. The program provides client group services such as socialization group activities, workforce and education training, mental health crisis prevention and early intervention services. During the past five (5) years that the MHSA team has occupied the current second floor location, the program has grown and changed such that this location is no longer ideal. The space configuration includes a (now) undersized foyer/reception area, corridor crowding (due to increased staffing and client volume) and the utilization of individual offices that (due to office layout) no longer allow for comfortable air flow, business operations or privacy. The staff and client volume has negatively impacted the parking availability and activity at the McMillan Center thus affecting neighboring tenants. In addition, the "less than ideal" program location and business flow is partially due to the second floor location which requires access by stairs and/or an elevator. This configuration also makes it difficult for staff to discretely escort clients to the second floor location, which is occasionally necessary. The monthly rent is \$10,721.41 which equates to approximately \$1.35 per square foot. The current lease expires on October 31, 2012.

Proposed Lease:

An opportunity to relocate the MHSA team and programs to a better suited location has been presented to the County by an agent for the owner of the Westwind Business Park located at 285 South Street in San Luis Obispo. The business park consists of three large single level office/commercial buildings bordered by South Street and Bridge Street near South Higuera in San Luis Obispo. The premises consist of approximately 6,562 square feet of improved office space

located within a single level building in an area of the business park that borders Bridge Street. Although the premises area is less than the current lease location, the proposed location is better suited for the MHSA programs because the building is easily accessible and is configured for maximum efficiency for the Mental Health Services program. It includes a large and convenient reception area and conference room, a private access area for staff that is more readily available, twenty-four designated on-site parking spaces for the County's exclusive use, street parking along Bridge Street and an overflow parking area on a first come first serve basis.

The term of the proposed lease is five (5) years and six months, with the first rent payment due on November 1, 2012. The table below provides the rental rates for the term of the lease, which equate to approximately \$1.29 Gross per square foot over the term of the lease.

	Monthly Rent	Rental Increase	Annual Rent	Term/Cost PSF*
May 1, 2012- October 31, 2012	\$ -0-	\$ -0-	N/A	6 months/\$-0- (6,562 square feet)
November 1, 2012- October 31, 2013	\$8,860	\$ -0-	\$106,320	12 months/\$1.35 PSF
November 1, 2013- October 31, 2014	\$9,080	2.5%	\$108,960	12 months/\$1.38 PSF
November 1, 2014- October 31, 2015	\$9,307	2.5%	\$111,684	12 months/\$1.41 PSF
November 1, 2015- October 31, 2016	\$9,540	2.5%	\$114,480	12 months/\$1.45 PSF
November 1, 2016- October 31, 2017	\$9,778	2.5%	\$117,336	12 months/\$1.49 PSF
TOTAL			\$558,780	66 months/\$1.29 PSF average
*PSF-per square foot				

During the term of the lease, Landlord pays for water, sewer and trash services. The County is responsible for other utilities to the space which are separately metered and used exclusively by the County. All maintenance, landscaping and parking lot upkeep and repair are provided by the Landlord, with the exception of interior light bulbs inside the suites. The County will be responsible to change interior light bulbs and provide janitorial services to the interior premises. Landlord pays for real estate property taxes, assessments and insurance. Landlord will provide a turn-key facility for County use that includes telephone and computer cabling to accommodate the program needs of Mental Health Services.

In the event MHSA funding for the programs provided at the premises is cut, the County may vacate the premises after October 31, 2013 upon 90-days advanced written notice to the Landlord delivered prior to October 31st of any given year. County would then reimburse Landlord an amount based upon the schedule below for improvements to the premises; said amount base total not to exceed \$25,000:

Termination date: October 31, 2013	80% or an amount not to exceed \$20,000
Termination date: October 31, 2014	60% or an amount not to exceed \$15,000
Termination date: October 31, 2015	40% or an amount not to exceed \$10,000
Termination date: October 31, 2016	20% or an amount not to exceed \$ 5,000

OTHER AGENCY INVOLVEMENT/IMPACT

County Administrative Office and the Health Agency support this Lease. County Counsel has approved the Lease as to form and legal effect.

FINANCIAL CONSIDERATIONS

As mentioned, current rental payments for the McMillan space equate to \$10,721/month and are obligated under the lease until it expires on October 31, 2012. The proposed lease will commence on May 1, 2012, however rental payments will not begin until November 1, 2012. Monthly rental payments for the proposed South Street space starting November 1, 2012, will be at a rate of \$8,860/month. The Division will not realize any rental savings in the current year, but will recognize rental savings next fiscal year. The anticipated savings next fiscal year are due to the reduced square footage of the proposed new space and a lower cost per square foot.

The FY 2012-13 MSHA budget included rental costs of \$132,945, based on the current McMillan space. The budget assumed four (4) months (July – Oct) of rent at the current rate and starting in November rental payments of \$11,257/month, based on an anticipated 5% increase in the Consumer Price Increase (CPI). The anticipated rental savings in FY 2012-13, attributed to the move, would be \$19,180/year.

The total payments for this new lease are \$70,880 for FY 2012-13 and \$108,080 for FY 2013-14.

Additional costs associated with the move, including the cost of the move itself and additional modular office furniture is estimate to be approximately \$20,000 in the current year. MHSA trust funds will cover the additional costs and will not result in the need for General Funds.

RESULTS

Approval of the Lease will allow the Mental Health Services Act team to move into a more efficient and convenient location for a period of five years at a reduced rental rate. This action supports the County's desired community-wide results of a well-governed and healthy community.

ATTACHMENTS

1. Westwind Lease
2. Vicinity Map